

3. Solid waste disposal facilities with special provisions which limit the site to the disposal of construction and demolition waste and solid waste materials approved by the department for lining or capping or for construction berms, dikes or roads in a sanitary disposal project or sanitary landfill are exempt from the tonnage fees imposed under this section.

4. All tonnage fees received by the department under this section shall be paid to a ground-water fund created under section 455B.309.

5. Fees imposed by this section shall be paid to the department on an annual basis. Fees are due on April 15 for the previous calendar year. The payment shall be accompanied by a return in the form prescribed by the department.

6. A person required to pay fees by this section who fails or refuses to pay the fees imposed by this section shall be assessed a penalty of fifteen percent of the fee due. The penalty shall be paid in addition to the fee due.

Sec. 5. This Act takes effect April 1, 1986.

Approved May 31, 1985

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## CHAPTER 242

### CREDIT UNIONS

*H.F. 196*

**AN ACT** relating to powers, organization, reserve requirements and other requirements of credit unions including a corporate central credit union.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 533.4, subsection 23, Code 1985, is amended by striking the subsection and inserting the following:

23. a. Act as agent of the federal government when requested by the secretary of the United States department of treasury; perform such services as may be required in connection with the collection of taxes and other obligations due the United States and the lending, borrowing and repayment of money by the United States; and be a depository of public money when designated for that purpose.

b. Act as agent of the state when requested by the treasurer of state; perform such services as may be required in connection with the collection of taxes and other obligations due the state and the lending, borrowing and repayment of money by the state; and be a depository of public money when designated for that purpose.

Sec. 2. Section 533.4, Code 1985, is amended by adding the following new subsection:

**NEW SUBSECTION. 26.** Pledge its assets to secure the deposit of public funds.

Sec. 3. Section 533.12, Code 1985, is amended to read as follows:

**533.12 CAPITAL.**

1. The capital of a credit union shall consist of the payments that have been made to it by the several members thereof on shares. The credit union shall have a lien on the shares and

deposits of a member for any sum due to the credit union from ~~said the~~ member or for any loan endorsed by the member. A credit union may charge an entrance fee as may be provided by the bylaws.

2. A credit union may establish an equity share having a par value not to exceed one hundred dollars which shall be a part of the capital of the credit union and shall not be withdrawn or transferred except upon termination of membership in the credit union. At the option of the credit union, the equity share may earn a dividend and may be insured.

Sec. 4. Section 533.14, subsection 1, Code 1985, is amended to read as follows:

1. Interest rates on loans made by a credit union, other than loans secured by a mortgage or deed of trust which is a first lien upon real property, shall not exceed ~~one percent a month on unpaid balances, except that with respect to consumer loans, a credit union may charge the finance charge permitted in sections 537.2401 and 537.2402 on consumer loans.~~ Interest rates on business loans shall not exceed the finance charge permitted by section 535.2.

Sec. 5. Section 533.16, subsection 1, Code 1985, is amended to read as follows:

1. A credit union may loan to a member for a provident or productive purpose. Loans shall be ~~are~~ subject to the conditions contained in this section and in the bylaws. A loan may be repaid by the borrower, in whole or in part, any day the office of the credit union is open for business. ~~Every A~~ loan shall be pursuant to an application with supportive credit information. ~~Any credit or financial information which is required shall be updated by the credit union or by the member not less frequently than every eighteen months for refinanced loans or for periodic advances made under an open-end credit plan. The administrator may adopt rules requiring periodic updating of credit or financial information for all loans or for classes of loans designated in the rules.~~

Sec. 6. Section 533.17, subsection 1, Code 1985, is amended by striking the subsection and inserting in lieu thereof the following:

1. Immediately before the payment of a dividend, the credit union shall determine its gross earnings. A legal reserve for contingencies shall be set aside from the gross earnings in accordance with the following:

a. A credit union in operation for more than four years and having assets of five hundred thousand dollars or more shall set aside the following amounts in the following order:

(1) Ten percent of the gross income until the legal reserve equals four percent of the total outstanding loans and risk assets.

(2) Five percent of the gross income until the legal reserve equals six percent of the total outstanding loans and risk assets.

b. A credit union in operation for less than four years or having assets of less than five hundred thousand dollars shall set aside the following amounts in the order set forth:

(1) Ten percent of the gross income until the legal reserve equals seven and one-half percent of the total outstanding loans and risk assets.

(2) Five percent of the gross income until the legal reserve equals ten percent of the total outstanding loans and risk assets.

If the legal reserve falls below the percent of the total outstanding loans and risk assets required for a credit union by this subsection, the credit union shall replenish the legal reserve by regular contributions in the amounts needed to reach the required reserve. However, the administrator may waive the reserve requirement when in the administrator's opinion the waiver is necessary or desirable. The legal reserve shall belong to the credit union and shall be used to meet losses. The reserve shall not be distributed to members as interest or dividends except on liquidation of the credit union or in accordance with a plan approved by the administrator.

Sec. 7. Section 533.30, subsections 1 and 2, Code 1985, are amended by striking the subsections and inserting in lieu thereof the following:

1. With the approval of the administrator, a credit union may merge with another credit union under the existing charter of the other credit union if the merger is pursuant to a plan agreed upon by a majority of the board of directors of each credit union joining in the merger and the merger is approved by the affirmative vote of a majority of the members of the merging credit union present at a meeting of its members called for the purpose of voting on the merger.

The administrator may approve a merger according to the plan agreed upon by the majority of the board of directors of each credit union if the administrator receives a written and verified application filed by the board of directors of each credit union and finds all of the following:

a. Notice of the meeting called to consider the merger was mailed to each member of the merging credit union entitled to vote upon the question.

b. The notice disclosed the purpose of the meeting and properly informed the membership that approval of the merger would be sought pursuant to this subsection.

c. A majority of the votes upon the question were in favor of the merger.

The administrator may waive the membership merger vote if the administrator finds that an emergency exists which justifies the waiver.

2. The administrator may adopt rules establishing merger procedures.

Sec. 8. Section 533.38, Code 1985, is amended by striking the section and inserting in lieu thereof the following:

#### 533.38 CORPORATE CENTRAL CREDIT UNION.

A corporate central credit union may be established. Credit unions organized under this chapter, the Federal Credit Union Act, or any other credit union act and credit union organizations may be members. In addition, regulated financial institutions and cooperative organizations may be members to the extent and manner provided for in the bylaws of the corporate central credit union. The corporate central credit union shall have all the powers, restrictions, and obligations imposed upon, or granted a credit union under this chapter, except that the corporate central credit union may exercise any of the following additional powers subject to the adoption of rules by the administrator pursuant to chapter 17A and with the prior written approval of the administrator:

1. Make loans and extend lines of credit to its members.

2. Impose fees or penalties upon its members and apply them to income.

3. Make available share draft accounts and permit the owners of the accounts to make withdrawals by negotiable or other transferable instruments or other orders for the purpose of making transfers to third parties.

4. Borrow any amount from any source.

5. Invest in or purchase obligations or securities or other designated investments to the same extent authorized for other supervised financial institutions.

6. Invest in or acquire shares, stocks, or other obligations of an organization providing services which are associated with the operations of credit unions. However, the aggregate amount invested pursuant to this subsection shall not exceed fifty percent of the total of all reserves and undivided earnings of the corporate credit union.

7. Buy or sell investment securities and corporate bonds which are evidences of indebtedness. However, the purchase or sale is limited to marketable obligations of a corporation or state or federal agency issued without recourse.

8. Sell all or part of its assets to another central or corporate credit union and assume the liabilities of a selling central or corporate credit union if the action is approved by the majority vote of the board of directors at a meeting called for that purpose.

9. Invest in the shares or deposits of another similarly organized corporate credit union, central credit union, or central liquidity facility.

10. Make other investments approved by the administrator.

11. The corporate central credit union shall not be required to transfer to its legal reserve more than five percent of its net income for the year.

Sec. 9. Section 533.64, unnumbered paragraph 1, Code 1985, is amended to read as follows:

~~Every~~ ~~Except as provided in section 533.12, subsection 2,~~ a credit union organized under this chapter, as a condition of maintaining its privilege of organization after December 31, 1980, shall acquire and maintain insurance to protect each shareholder and each depositor against loss of funds held on account by the credit union. ~~Such~~ The insurance shall be obtained from the national credit union administrator or from some other share guarantor or insurance plan approved by the Iowa commissioner of insurance and the administrator of the credit union department. ~~Every credit union not so insured as of January 1, 1979, shall submit an application for share and deposit insurance not later than July 1, 1979.~~

Approved May 31, 1985

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**CHAPTER 243**  
**ALTERNATIVE MINIMUM TAX**  
*S.F. 24*

**AN ACT** to impose a state alternative minimum tax to replace the state minimum tax under the individual income tax and making the Act retroactive.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 422.5, Code 1985, is amended by adding the following new subsection:  
**NEW SUBSECTION.** 15. There is imposed upon every resident and nonresident of this state, including estates and trusts, the greater of the tax determined in subsections 1 through 14 or the state alternative minimum tax equal to nine percent of the state alternative minimum taxable income of the taxpayer as computed under this subsection.

The state alternative minimum taxable income of a taxpayer is equal to the taxpayer's state taxable income, as computed with the deductions in section 422.9, with the following adjustments:

a. Add items of tax preference included in federal alternative minimum taxable income under section 57 of the Internal Revenue Code of 1954. In the case of an estate or trust, the items of tax preference shall be apportioned between the estate or trust and the beneficiaries in accordance with rules prescribed by the director. For purposes of computing the items of